

EXHIBIT 7
DATE 02/13/07
HB 537

**Farmers
Union
Insurance**
You're Never Alone

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January 29, 2007

Dear Representative French,

LC1069 is a proposed bill that would be harmful to Montana insurance agents who sell hail insurance by forcing them out of the industry. If passed this bill would enable the state hail program to double its current liability amounts and achieve a monopoly on the industry. Montana is the only state to have a state hail program, and they currently have a limit of \$40 total liability they can insure per dry land acre.

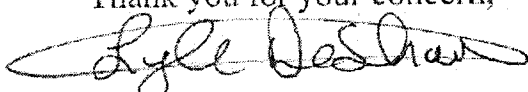
This amount is nearly double the liability that the state hail program used to insure three years ago. After this initial increase to \$40, we suffered a loss of about 1/3 of our total hail insurance sales. This loss in sales has remained constant over the past three year, and it is staggering to imagine the effects of another \$40 increase if LC1069 passes. We have one young employee who is paid on salary from our commission on hail insurance sales. That loss in sales has made it difficult to keep this young person employed in our small town. If the state hail program is allowed to double its total liability we predict they will dominate the market, and we will lose the majority of our hail insurance sales. This will result in revenue and job loss for Montana business people. We believe we are justified in opposing this bill for a number of sound reasons.

First of all, the state hail program rebates farmers if the program has a good year of high sales and low losses. This is an unfair advantage because it is illegal for any private insurance company to rebate under Montana insurance laws. It is not a level playing field when the state hail program uses these rebates as a powerful tool to sell more policies and create a firmer grasp on the market. The state hail program is already at a huge advantage, and does not need another means to increase their record sales.

Secondly, farmers usually buy between \$50 and \$100 total liability per acre. Many of them buy \$40 from the state, and then purchase additional coverage from private insurance agents. If state hail increases their limits anymore, insurance agents will simply be cut out of the market as farmers will solely shop at the state.

In summation, we believe that competition is vital in the hail insurance industry because it keeps rates lower for Montana's farmers. We are certain that doubling the state hail program's capacity would eliminate private hail insurance and create an industry without competition. We oppose Bill LC1069 because it is damaging to small Montana businesses that sell hail insurance.

Thank you for your concern,


Lyle DeShaw
Hail Insurance Agent

National Farmers Union Property and Casualty Company

